

WILLOUGHBY & HOEFER, P.A.

ATTORNEYS & COUNSELORS AT LAW

1022 CALHOUN STREET (SUITE 302)

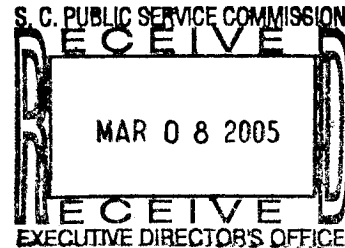
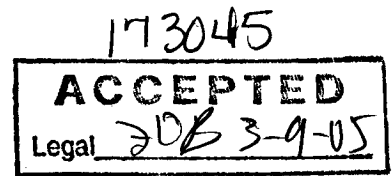
P.O. BOX 8416

COLUMBIA, SOUTH CAROLINA 29202-8416

MITCHELL M. WILLOUGHBY
JOHN M.S. HOEFER
ELIZABETH ZECK*
PAIGE J. GOSSETT
RANDOLPH R. LOWELL
K. CHAD BURGESS
NOAH M. HICKS II**

*ALSO ADMITTED IN TX
**ALSO ADMITTED IN VA

March 8, 2005



VIA HAND DELIVERY

The Honorable Charles L.A. Terreni
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

RE: Application of Carolina Water Service, Inc. for approval of a contract
with May Green Properties, LLC for water service in York County;
Docket No. 2004-340-W

Dear Mr. Terreni:

I am writing to you in regard to the above-referenced docket. As you are aware, the Commission voted at its March 1, 2005 meeting to carry this matter over to allow time to investigate its responsibilities and authority with respect to a specific provision of the contract which reflects the developer's agreement to impose a restrictive covenant on parcels in the proposed subdivision which would preclude the use of irrigation wells.

It is the position of Carolina Water Service, Inc. ("CWS") that its application does not seek approval from the Commission with respect to the restrictive covenant contemplated in Article III, Section 1 of the contract. This is so for several reasons. First, the current owner of the real property does not require any Commission approval for the imposition of restrictions on the use of its real property in advance of its sale. Second, this restriction does not affect any interest of a customer of CWS. To the contrary, because no system yet exists, there are no customers. More importantly, no future customer can possibly be affected by the restrictive covenant unless that person or entity knowingly chooses to do so by purchasing real property subject to this restriction.

What CWS does seek by its application is Commission approval of the financial terms under which its services will be extended to the property of the developer. Among these terms is the developer's agreement to construct facilities sized to serve more than just the proposed subdivision

(Continued . . .)

The Honorable Charles L.A. Terreni

March 8, 2005

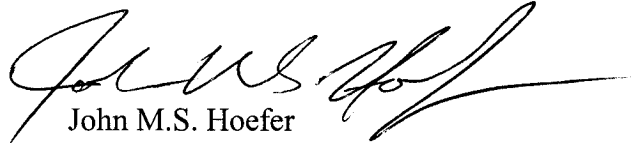
Page 2

and to insure that the facilities installed are used to the fullest extent possible in the subdivision. From CWS's standpoint, both of these terms are required to spread the cost of service among the largest number of customers possible. In exchange, CWS has agreed to waive its standard tap fees.

I hope that the foregoing may be of benefit to the Commission in its consideration of the foregoing matter. If you have any questions or need additional information, please do not hesitate to contact me. With best regards, I am,

Sincerely,

WILLOUGHBY & HOEFER, P.A.



John M.S. Hoefer

JMSH/twb

cc: C. Lessie Hammonds, Esquire ✓
Mr. James Spearman
(Via telecopier and U.S. Mail)